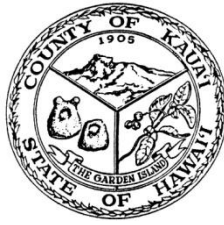


Bernard P. Carvalho, Jr.
Mayor



Nadine K. Nakamura
Managing Director

OFFICE OF THE MAYOR
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March 13, 2015

Honorable Mel Rapozo, Chair
And Members of the Kaua'i County Council
4396 Rice Street
Līhu'e, Hawaii 96766

Re: Fiscal Year 2016 (FY16) Budget Submittal

Dear Chair Rapozo and Councilmembers:

Pursuant to requirements of the Kaua'i County Charter, I present to you the proposed operating budget for the County of Kaua'i and Ni'ihau for fiscal year 2016. We look forward to working with you in the weeks to come as you deliberate and make the important decisions necessary for FY16.

As you know, much of our discussion last year focused on the urgent need to create a "sustainable" budget for the county. I believe we all agree that it is imperative that we bring expenditures in line with revenues, that we identify alternative revenue sources wherever possible while maintaining a fair and equitable system of taxation, and that we begin budgeting not just on a year-to-year basis, but with a longer-term focus.

Moving in the Right Direction

This submittal brings us much closer to this goal, and I am proud of the strides we have made in the past year. The adjustments that council has made to real property tax rates, along with the successful efforts of our departments in trimming their budgets and spending more strategically, have produced significant results. Consider the following:

- Through the efforts of the Vacancy Review Committee working collaboratively with department heads, we have reduced the County workforce by 20 positions. Thirteen positions have been dollar-funded and seven positions have been eliminated. This amounts to a \$1.9 million savings in personnel costs. In addition, no new positions are being proposed in this submittal.

- To address the anticipated \$8.2 million jump in operating expenses (mostly due to approved and pending collective bargaining increases), our county departments have successfully shaved \$3.1 million in operating expenses from their budgets for FY16. Coupled with the reduction in personnel costs, we have achieved a \$5 million reduction in operating expenses.
- Due to an improving economy, rising property values, and the adjustments to real property tax rates and other fees this year, our revenues have increased by \$5 million over fiscal year 2015 (FY15).
- As a result of our cost reductions and the growth in revenue, for the first time in five years we have been able to balance our budget ***without utilizing our general fund unassigned fund balance***. We have been able to do so while fully funding our other post employment benefit (OPEB) obligations and without proposing any increases in real property taxes.

Perhaps most importantly, our unassigned fund balance at last year's budget submission was \$370,000, compared to \$13.7 million in this budget proposal for FY16. While pending collective bargaining raises will erode some of this balance, we anticipate that we will still be substantially closer to the reserve amount recommended by the Government Finance Officers Association (GFOA) than we are currently. Coupled with our emergency reserve, these fund balances will now place us at roughly 71% of the GFOA goal. This not only brings us much closer to achieving a sustainable budget, but it will also help preserve our favorable bond ratings in light of a new bond issuance which will be necessary in the near future.

FY15 Successes

Before getting into the details of this budget proposal, allow me to highlight a few successes from the current fiscal year.

- **Motor Pool:** We have just launched our motor pool, and in doing so, we are retiring twelve (12) vehicles from the fleet. Included in the current fleet of 40 vehicles are 4 electric vehicles and 5 hybrid vehicles. The new system allows us to track usage and performance of our vehicles, which will help in strategically reducing the size of the fleet over time to the appropriate number and type of vehicles to meet the needs of our county workforce.
- **Kekaha Gardens Park:** After more than 30 years, the realization of a community park at Kekaha Gardens subdivision is almost complete. The park will include a playground, basketball court, baseball field, accessible dugouts, a comfort station, picnic areas and a paved parking lot. As our contractor puts the final touches on the improvements, we look forward to a blessing and dedication of this long-awaited facility within the next two months.

- Affordable housing: Last spring we broke ground on two affordable projects – Rice Camp kupuna housing in Līhu‘e, and Kolopua workforce housing in Princeville. It is notable that Kolopua is our first affordable housing project on the north shore, comprised of 44 rental units for low-income households. New elderly residents are moving into the 60 new rental units at Rice Camp – which will be renamed Kaniko‘o - as we speak, and we will have a blessing and celebration for the new complex on March 19. Phase II of Kaniko‘o is already in the works.
- Energy savings: We are pleased to report that energy usage for county facilities is down 4.6% through February versus the same period last year. Due to favorable energy prices, our expenditures are down 10% from last year translating to a savings of more than \$620,000. Ka Hale Makai O Kaua‘i (Police/Civil Defense/Office of the Prosecuting Attorney) led the way, posting a 13.49% reduction in energy use this year. Parks and Recreation was also notable in its decrease of 8.9%. The Department of Water decreased usage by 6.39%. Our partnership with Kaua‘i Island Utility Cooperation (KIUC) to test various light emitting diode (LED) options for streetlights is in progress. Installation of the new lights is scheduled for this summer, and will be completed by the end of the calendar year. The new lights could save the county as much as \$500,000 per year in energy costs.
- Payroll consolidation into the Department of Human Resources (DHR): We have completed this transition by moving all payroll functions to DHR by moving three positions from the Department of Finance-Accounting Division. Consolidating payroll will enhance and strengthen the work that has already begun in transitioning the county’s personnel record and payroll information system to one that is paperless, using technology to provide a user friendly system that can be accessed by employees to view their records, update information, etc.
- Transient Vacation Rental (TVR) regulation and enforcement: Last year we presented you with a plan to beef up enforcement of the TVR ordinance. Our Planning Department has been vigilant on this issue and is producing results on several fronts:
 - So far this year, Planning has worked with the Department of Public Works to complete nearly 65 field inspections for those properties located in flood zones.
 - Staff has investigated half of the 320 properties which were being assessed by our real property staff as “vacation rental,” but did not have a TVR permit. Approximately 70 zoning compliance notices have been sent, resulting in four notices of violations. These violations have been levied with \$32,000 in fines. One of these owners has been subsequently fined an additional \$25,000 for continuing to operate while his appeal is pending.
 - To date, \$11,700 has been collected in fines from ten owners, and 53 illegal/unpermitted vacation rental operations have been shut down, while seven owners have requested closure of their TVR file.

- **Community and Development Plans:** In addition to TVR enforcement, our Planning team has been busy on various projects, which are now before the council for review. The South Kaua'i Community Plan, the Līhu'e Community Plan and the Important Agricultural Lands study have all been completed. Soon to follow is the long-awaited East Kaua'i Community Plan. In addition, various technical studies connected to the General Plan Update (GPU) have been completed, and we anticipate launching the first citizens advisory committee meeting for the GPU this spring.
- **Pay As You Throw (PAYT):** This week marks the deadline for residents to opt for a smaller rubbish cart, as we roll out this program. PAYT is critical to the achievement of our 70% waste diversion goals by 2023. Timing the implementation to be simultaneous with the rollout of full automation of our rubbish collection service is very important to its success. We appreciate the council's support and your input on the best way to conduct the rollout, and are hopeful that most of our residents will take advantage of a cost savings by choosing the smaller cart and reducing our landfill tonnage. This is an important step toward curbside recycling and is an accomplishment of which we can all be proud.
- **Community partnerships:**
 - **Bus Shelters:** The first six of our new bus shelters are being erected this week, with the assistance of the Kaua'i Filipino Community Council. It is my intention to fully deliver on the promise made in 2010, that every county bus stop will have a shelter. The investment of county capital improvement dollars, along with matching funds provided by our state legislative delegation, and the partnership with community organizations to assemble and place the shelters, makes this a true win-win-win for all involved. The first six locations are: Kaumuali'i Highway near Ishihara Market in Waimea, Kaumuali'i Highway near Hanapēpē Armory, Kaumuali'i Highway opposite the Lāwa'i Post Office, Laukōna Road eastbound (Hanamā'ulu), Kapahi Road opposite Menēhune Food Mart, Kūhiō Highway northbound near Menēhune Food Mart in Kīlauea. The construction bid to lay the foundation for the next 12-16 shelters is in progress, and we currently have a request before the legislature for funding that will enable the build out the remainder of our 49 bus stop locations.
 - **North Shore Shuttle:** We all know that we must do something about traffic congestion at pressure points around the island. The north shore is one of those areas suffering from too much traffic and not enough parking – especially at Kē'ē. With the launch of this service in November, we have seen ridership grow to nearly 1,500 trips per month. At least half of those riders are local residents, many of them moving from their homes in Hanalei and points north, to work at businesses along the route – mostly in Princeville. This shuttle is an important short-term fix as we seek long-term solutions in partnership with the state and other partners via the Hā'ena State Park Master Plan. Our continued financial support of the project, as we seek additional business sponsorships, is vital to its path to sustainability.

- Kaua'i Nui Kuapapa (KNK): In partnership with the team at Na Hoku Welo, LLC, we have ventured on a journey to rediscover the significance of the ancient land divisions on Kaua'i and Ni'ihau. KNK seeks to bring awareness to the unique aspects of the moku and ahupuaa of our islands, including the natural resources, flora and fauna that set each apart from the others. Na Hoku Welo is taking the lead on creating the educational pieces, such as signage along our roadways, web-based resources, and curriculum for our learning institutions. I am personally committed to redefining how we frame our planning and our projects, so that we take into consideration the land-based elements and are more historically and culturally appropriate to the land division in which the project resides. If successful, we will think in terms of "moku" in all that we do, leaving a legacy of historic awareness and cultural revival for generations to come.
- Kīlauea Agricultural Park: Just last month the stewardship agreement between the county and the Kilauea Agricultural Committee (KAC) was approved and signed, paving the way for expenditure of a \$100,000 grant to take the first steps in getting the Kilauea Ag Park up and running. Surveying work, water permit applications, and obtaining grading and grubbing permits are among the first tasks being undertaken. The plan for the site includes developing a community garden along with six incubator lots, and a preparing an area for relocation of the Kīlauea Sunshine Market.
- Peter Rayno Park: The magic of volunteerism has resulted in a brand new pavilion for this well-used community park in Hanamā'ulu. An \$80,000 Hoolokahi grant was awarded to the Hanamā'ulu Hillsiders senior softball team, which covered the cost of materials. Our senior volunteers provided the labor and, just two weeks ago, the 1,200 square foot pavilion was dedicated, along with an irrigation system and walkways, picnic tables, grassing and fencing.
- Hā'ena Beach Park reef etiquette sign: Through the initiative of some of our north shore community members, a new educational sign has been placed at our park in Hā'ena. The costs for design, manufacturing and installing the sign were all covered by private donations, and the effort was led by members of Hui Maka'ainana o Makana. Our natural resources will be better protected due to the dedicated efforts of this generous group of volunteers.

Budget Discussion

When we began our budget development for FY16, we were looking at roughly \$8.2 million in new expenses – mostly due to approved and pending collective bargaining increases. Our challenge to departments was to trim their budgets to the greatest extent possible so that we could make up this massive shortfall.

As mentioned previously, we have incorporated roughly \$5 million in personnel and operational savings into the FY16 proposal. Those cuts, coupled with a healthy increase in real property tax revenues, have resulted in a budget that is only .6% higher than FY15, as shown in Table 1.

Table 1

			% of		% of	FY 2016 vs FY 2015		
		FY 2015*	Total	FY 2016	Total	\$ + / -	% + / -	
* Salaries & Related		115,542,348	63.9%	118,287,890	65.1%	2,745,542	2.3%	
Utilities		7,322,259	4.1%	7,237,045	4.0%	-85,214	-1.2%	
Operations		48,896,159	27.1%	45,758,771	25.2%	-3,137,388	-6.9%	
Self Insurance		0	0.0%	586,000	0.3%	586,000	100.0%	
Reserve		-2,022,206	-1.1%	250,000	0.1%	2,272,206	908.9%	
Open Space		1,610,427	0.9%	563,419	0.3%	-1,047,008	-185.8%	
Debt Service		<u>9,387,524</u>	<u>5.2%</u>	<u>9,053,731</u>	<u>5.0%</u>	<u>-333,793</u>	<u>-3.7%</u>	
		180,736,511	100.0%	181,736,856	100.0%	1,000,345	0.6%	
*FY 2015 includes restoring OPEB Budget of \$1,495,385								

Charts 1, 2 and 3 illustrate and compare the major components of the operating budget expenses for FY15 and FY16:

Chart 1

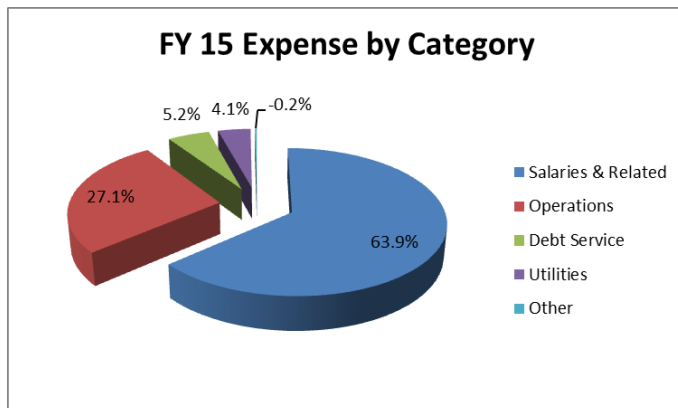
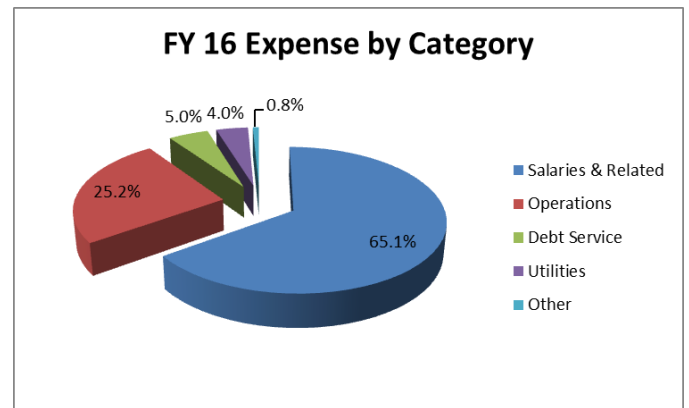
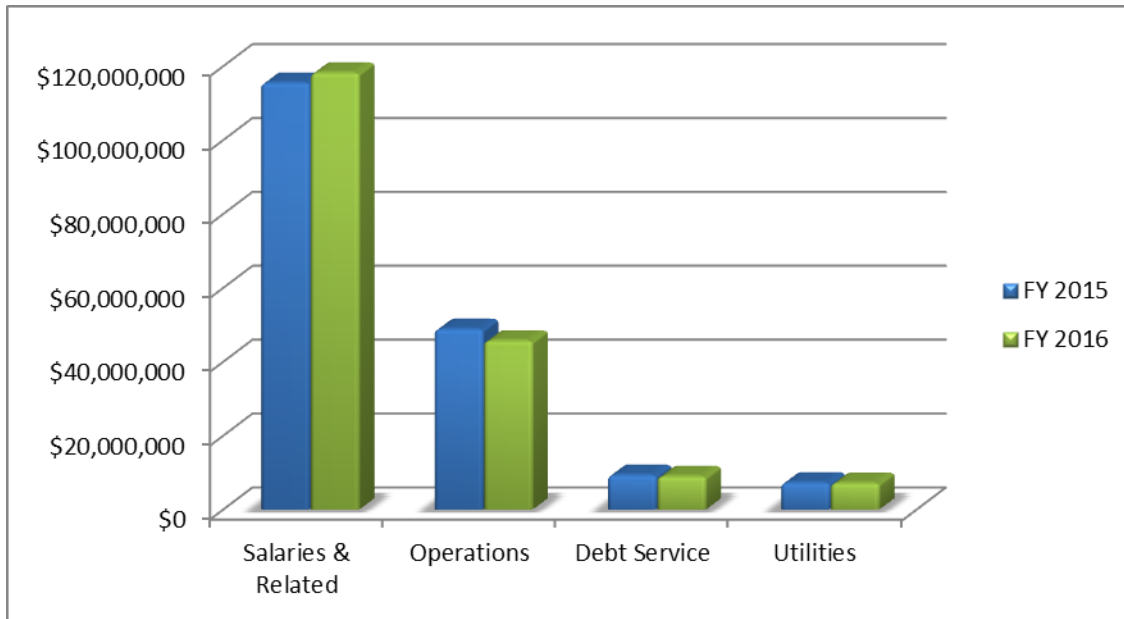


Chart 2



“Other” includes Self Insurance, Reserve and Open Space

Chart 3



As you can see, while salaries and related expenses have increased slightly due to collective bargaining impacts, the full impact was mitigated by the 20 vacant positions that were either eliminated or dollar-funded. Concurrently, general fund operational expenses have been reduced by 6.9%.

➤ **Savings and efficiency measures**

- **Motor Pool:** In addition to retiring 12 vehicles out of service, we have eliminated the bulk of departmental mileage accounts so as to boost the use of our newly created motor pool.
- **Litigation team:** We are anticipating another significant savings in special counsel fees due to the reorganization of the Office of the County Attorney. The restructuring establishes two distinct and robust work teams within the office: a litigation unit and an advice and counsel unit. This will allow for appropriate insulation of the members of the litigation unit, which we anticipate will result in a substantial reduction in the need for special counsel. The special counsel account has been reduced by \$311,000, which is offset by an additional \$115,000 in operational expenses to support the two work groups. This results in a net gain of \$200,000 which we are hopeful to achieve in FY16.
- **Debt service:** Due to the successful refinance of our 2001 and 2005 bond floats, we have achieved a savings of \$333,000 this year.

- **KPD Asset Forfeiture Fund:** We intend to make use of this fund in FY16 to cover the cost of important new initiatives, such as funding the county's matching portion of an anticipated grant for the purchase of body cams for our police force, along with some training needs. This allows us to move forward in critical areas without impacting the general fund.
- **Civil Defense emergency notification service:** This service was put out to competitive bid this year. Although we are still in the final stages of procurement, we anticipate that we will realize significant cost savings for this line item in the coming year.
- **Open Space Fund:** We are again proposing that the contribution to the Open Space Fund be reduced to .5% of real property tax revenues, versus the current 1.5%. There is a sizeable balance of \$4.9 million currently in the fund, and even with the reduction there will be a contribution of more than \$500,000 this year. This shift allows us to build our unassigned fund balance closer to the GFOA standard, which is critical in maintaining our favorable bond ratings in light of a new bond float that will be necessary in FY17 at the latest.

➤ **Additional needs**

For the coming year we have kept new requests to a minimum. Critical equipment replacement needs are listed below, totaling \$382,000:

- ✓ **Repair and maintenance funding:** In the past several years we have deferred numerous R&M projects due to our tight fiscal situation. Now that we have made some fiscal progress, we propose to boost these line items in the Departments of Parks and Recreation and Public Works by \$433,000, amounting to a modest 7.3% increase over FY15.
- ✓ **KPD patrol vehicles:** Replacement of patrol vehicles once they reach their useful life is an inescapable expense, and the current need is for 12 new vehicles. We propose to lease four new patrol vehicles in FY16, and allow for eight new subsidized vehicles for KPD personnel. The vehicles they are currently using can then be reassigned to our beat officers. The cost of a subsidized vehicle is roughly 26% of the cost of a new vehicle.
- ✓ **Equipment replacement:** We have been extremely sparing in recent years when it comes to new equipment requests. This year we are requesting to replace some items that simply can no longer be used due to age, condition and maintenance needs. These items total \$382,000:
 - **Public Works**
 - **Wastewater:** One 6" sewage pump, to be used as a bypass pump in the event of scheduled maintenance or emergency repairs.

- Solid Waste: Purchase five roll-off bins to be used at the Kekaha Landfill and various transfer stations; a tarp deployment machine for daily cover operations at Kekaha Landfill; and routing software for developing the most efficient routes for island wide automated refuse collection. We also propose to lease two additional automated refuse trucks.
- Parks and Recreation – One of the crew cab trucks utilized on a daily basis is at the top of the list for replacement, according to our vehicle maintenance shop. In order to keep up with the island wide need for adequate park maintenance, this replacement is critically important.
- Ocean Safety Bureau – Two trucks that are used on a daily basis by our lifeguards for transporting equipment and jet skis to the beaches for routine and emergency response are at the end of their useful life and in need of replacement.

➤ **Operational improvements**

Our biggest challenge is to find ways to cut costs while at the same time maintaining and, whenever possible, improving the service we provide to the public. The following are some initiatives that we believe will help us achieve these dual goals:

- Supervisory training: DHR is working closely with the Office of the County Attorney and the Equal Employment Opportunity Coordinator to provide training to supervisors at all levels within the county. The goal is to equip our leaders at all levels with tools, contacts, and information to avoid and reduce employee claims and grievances. Through this initiative we will also promote accountability and team building.
- Electronic procurement for goods and services bids is scheduled to roll out toward the end of this fiscal year. This is another step in our effort to create a paperless environment and a more user-friendly interface for the public.
- Agency restructuring: Our department heads have done a commendable job exploring creative ways to do more with less. Four examples are listed below. Please note that, in most instances, we are realizing savings from vacated positions or redescribed positions, and are proposing no new expenditures to accomplish the reorganization:
 - ✓ Office of the Mayor: With the departure of a team member in the Office of Boards and Commissions, the decision was made earlier this year to eliminate that position. I felt strongly that if we are asking our departments to downsize, we needed to show leadership at the top. In order to continue to manage the office efficiently, we were able to reduce the frequency of meetings for some boards and commissions, with the members' concurrence. This transition has been working well and serves as a model for other departments when addressing vacancies.

- ✓ Agency on Elderly Affairs (AEA): One of the positions we have chosen to dollar fund is a program specialist at AEA. Those duties are being reassigned within the agency. In addition, AEA is in the process of engaging more “lay leaders” (i.e., community volunteers) to assist with program management. This not only helps us maintain the current level of service for our seniors, but it also stretches our resources beyond the county budget.
- ✓ Office of Economic Development (OED): Both our agriculture specialist and our sustainability manager retired this year. In addition, with the elimination of Ordinance 960 we can no longer justify the enforcement specialist position that was created this year. Thus, we are proposing a downsizing and restructuring of OED that we feel will still allow the department to fulfill its mission and goals. Two positions are being eliminated, and all economic development specialist positions will be listed as generic, so as to allow maximum flexibility in supporting the various economic sectors on Kaua‘i:
 - The agriculture specialist position has been eliminated, and the OED Director will take the lead on projects supporting the agriculture sector
 - The energy coordinator will move into the sustainability manager position and will continue to coordinate energy and sustainability projects
 - The economic development specialist (energy) position will be converted to economic development specialist focusing on film, facilitating creative technology, working with our business associations and special projects
 - The film commissioner position will be re-described to focus on marketing for cultural and sports tourism opportunities with our sister cities.
 - The enforcement specialist position will be eliminated
- ✓ Public Works restructuring: Many of our most critical and capital intensive projects are led by the Solid Waste Division. We are proposing to provide greater support to the division by eliminating the position of environmental services engineer (currently providing oversight to both the Solid Waste and Wastewater Divisions of Public Works), and simultaneously re-describing and upgrading a diversion specialist position to a Civil Engineer IV. The new engineer position will report to the Solid Waste division head, creating higher level support for critical projects such as the Kekaha landfill expansion, new landfill and resource recovery park siting activities, and the development of a materials recovery facility.

➤ **Revenues**

Last year the council approved increases in real property tax rates across most categories. For the FY16 budget, as noted earlier, our revenues have increased by \$5 million.

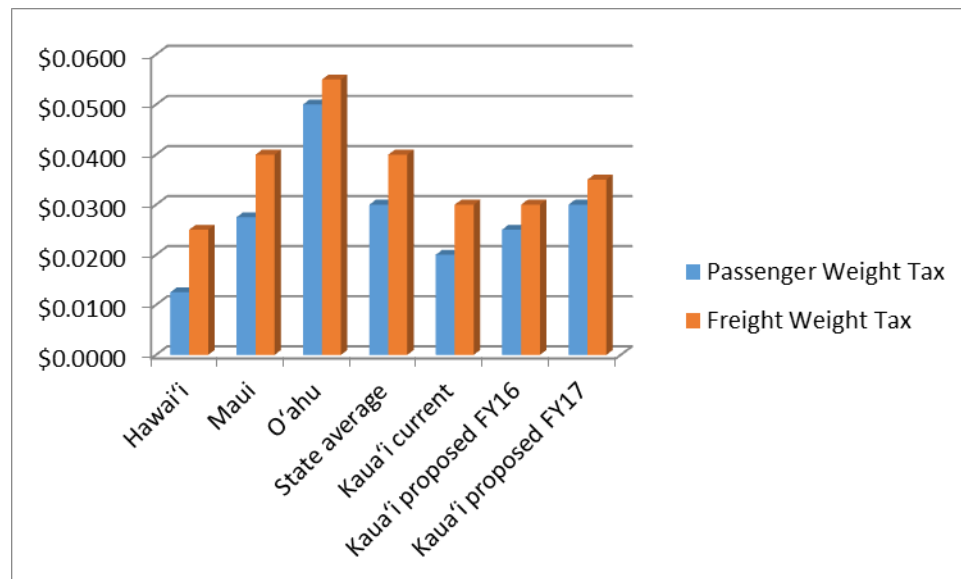
Several factors impact our real property revenue projections:

- ✓ There were two new tax classes created for FY16: Residential Investor and the Commercialized Home Use.
 - The Residential Investor tax class includes 237 properties with assessed values over \$2 million that are used as second homes. The gross assessment for this class is \$1,047,454,300 and the net taxable is \$899,168,250. At the proposed tax rate of \$7.05 (vs. \$6.05 for Residential), the increased revenue from this new tax class is estimated at \$899,168.
 - The Commercialized Home Use tax class was created as a tax relief measure intended to mitigate the combined impact of having the Permanent Home Use cap removed and being reclassified into a use category for those properties which are owner-occupied and generating income from additional uses. We propose a tax rate of \$5.05 for this category. There are 1,739 properties that classified as Commercialized Home Use, and while assessed values increased by approximately 3% for these properties the net reduction in taxes is approximately 14% or \$705,686.
- ✓ The result of changing the assessment methodology for timeshare units led to an increase of \$161.8 million in assessed values, even with the caveat that only 50% of this increase would be recognized in FY16. This translates into a property tax increase of approximately \$1.75 million.
- ✓ The remaining property tax revenue increase is associated with improving market conditions which increased assessed values combined with new construction to the assessment roll.

This year, we request only one revenue adjustment – the vehicle weight tax. Several months ago, we estimated that we have roughly \$100 million in needed road repairs. At the current pace of spending \$2.4 million every other year on road repaving we will never catch up. Therefore, we again offer the following proposal which, if adopted, will bolster our highway fund and allow us to accelerate our repaving schedule:

- Vehicle Weight Tax:** A \$0.005 increase is proposed for passenger vehicles effective January 1, 2016, and an additional \$0.005 effective January 1, 2017. We are proposing no new tax on freight vehicles in FY16, and an increase of \$0.005 for freight vehicles on January 1, 2017. This change still keeps us below state averages, and will provide a little more than \$800,000 in additional revenues to the Highway Fund for FY16, and \$2.275 million for FY17. Chart 4 illustrates a comparison of the current and proposed rates for Kaua'i versus the other counties. Note that the County of Hawai'i increased its rates two years ago to be on par with Kaua'i, however, it benefits from a disproportional amount of federal subsidies for Volcano National Park and Saddleback Road. It is proposed that this new source of revenue be targeted for road resurfacing.

Chart 4



One final note on revenues: the Agency on Elderly Affairs is exploring the possibility of receiving reimbursements for services provided to seniors. Medicare, private insurance and Veteran's Administration are three potential sources of reimbursements for services, such as diabetes workshops, intake assessment and individual care planning. We will know by the end of this calendar year whether or not these are viable new revenue sources for the county.

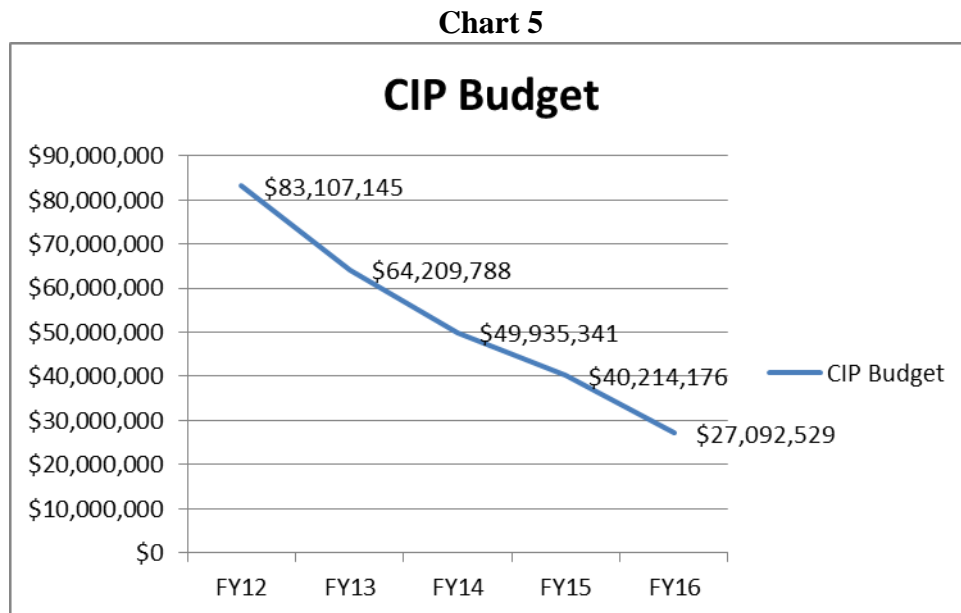
➤ **Capital Improvement Projects (CIP)**

The proposed capital budget for FY16 totals \$27,092,529, which is broken down as follows:

Bikeway Fund	\$50,577
Bond Fund	\$19,176,054
Development Fund	\$42,068
General Fund (CIP)	\$1,715,587
Highway Fund (CIP)	\$715,028
Sewer Trust Fund	\$323,099
Special Trust Fund for Parks & Playgrounds	\$5,069,216
TOTAL ALL FUNDS	\$27,092,529

We continue with our CIP strategy of examining each project to determine the extent to which it is likely to move in the next 18 months – either for planning, design or construction. As of February 2015, we have spent roughly \$8.5 million in CIP projects; another \$5 million is expected to be encumbered by June 30, 2015.

Chart 5 illustrates our success over the past four years in spending down CIP monies and pumping more than \$56 million into the local economy:



A brief recap of major CIP projects that are ongoing or upcoming follows:

FY15 projects complete:

- Kekaha Landfill vertical expansion
- 800 Mhz radio system upgrade Phase II
- Hanalei/Black Pot and 'Anini Beach leach field improvements
- Isenberg Park basketball court resurfacing and playground equipment installation
- Lydgate pavilions and restroom renovations

Projects underway in FY15:

- Hardy Street improvements – scheduled completion October 2015
- Kekaha Gardens Park – scheduled completion April 2015
- Sheltered Bus Stops – Phase I - six installed; Phase II – the next 12-16 out to bid by June 2015, Phase III – final set (approximately 27) pending approval of Grant In Aid (GIA) currently before the Legislature
- Resurfacing of Collector Roads, (Kawaihau, Hauaala, Mailihuna Roads) - scheduled completion August 2015
- Kōloa Road Safety Improvements – scheduled completion September 2015
- Pono Kai Seawall – construction scheduled to start May 2015
- Hanalei/Black Pot Beach master plan – a consultant has been selected and we expect to have the community fully engaged in this process by late summer.
- General Plan Update: Citizens Advisory Committee to be convened in April, with community meetings to follow into FY16

Upcoming projects FY16 – Moku of Halelea:

- Hā'ena Beach Park septic upgrades \$50,000
- Hanalei/Black Pot (riverfront parcels) \$210,481: parking and comfort station improvements
- Hanalei Courthouse \$721,357: Construction expected to start June 2015

Upcoming projects FY16 – Moku of Koolau:

- 'Anini Beach Park Improvements \$200,000

Upcoming projects FY16 – Moku of Puna:

- Kapa'a Urban Design Plan \$300,000
- Kapahi Bridge replacement \$438,000
- Bryan J. Baptiste Sports Complex and Kapahi Park improvements \$200,000
- Kapa'a Soccer Field improvements design \$300,000
- Wailua Houselots Park and Wailua Homesteads Park playground and tennis court lighting improvements \$315,000
- Līhu'e Baseball Stadium field improvements \$1,789,596

- Vidinha Stadium track and field improvements \$89,371
- Līhu'e Auto Shop improvements \$400,000
- Puhi Road Reconstruction Phase I (Kaumuali'i Highway to Kaneka Street) \$600,000 (county match for \$2.7 million in federal highway funds)
- Puhi Road Phase II planning/design (Kaneka Street to Haleukana Street) \$250,000

Upcoming projects FY16 – Moku of Kona

- Kōloa Neighborhood Center parking lot resurfacing, Kōloa park basketball and tennis court resurfacing \$250,000
- Po'ipū Beach Park Phase II upgrades, East comfort station \$400,000
- Waewae Road (Kōloa-Lāwa'i) safety improvements, guardrails \$100,000
- Kalāheo Gym roof assessment and repair, design \$150,000
- Kalawai Park basketball and tennis court resurfacing \$200,000
- Kalawai Park lighting improvements \$288,000
- Hanapēpē Bridge reconstruction \$500,000
- Hanapēpē stadium improvements \$84,828
- Hanapēpē tennis courts lighting improvements \$180,000
- Kato Field (Hanapēpē) improvements \$50,000
- Veterans Cemetery improvements \$343,339
- Kaumakani gym floor repairs \$65,000

Upcoming projects FY16 – Island wide:

- Island Wide Pool Improvements (Kapa'a and Waimea) \$200,000
- Materials Recovery Facility (MRF) design \$302,007
- Bus shelter installation \$297,911

Upcoming projects FY16 – Information Systems:

- IT Infrastructure \$304,000 – includes critical maintenance, improved access to information and services, architecture foundation improvements, and scanning capabilities/paper elimination solutions
- Payroll/Personnel system \$378,000 – to include automation for accruals, time and attendance, on boarding, performance evaluation and employee self-service
- Cashiering system \$180,000 – upgrades to sustain and improve revenue collections for Motor Vehicle Registration, Real Property Collections, and Driver Licensing

Our legislative delegation has introduced the following CIP requests which, if obtained, would assist in moving these projects toward completion:

- Motorola 800 Mhz upgrade Phase III, \$2.1 million
- Island wide bus shelters, \$1.5 million
- 'Anini Beach Park improvements, \$250,000

A final note on Puhi Road: although the reconstruction project is not currently scheduled to be underway until August, the Department of Public Works has programmed to complete some short-term improvements to the most debilitated section between Kaneka Street and Hanalima Street within the next two months.

Conclusion

In closing, I wish to thank you, on behalf of my administrative team, for working with us in partnership to address the difficult issues that we face. We look forward to healthy discussion throughout this budget process and into the new fiscal year.

Mahalo nui loa,



Bernard P. Carvalho, Jr.

C: Nadine K. Nakamura, Managing Director
Sally Motta, Acting Finance Director
Ernest W. Barreira, M.S., Budget & Purchasing Director



The Holo Holo 2020 vision calls for all organizations, businesses, residents and visitors on Kaua'i to be part of creating an island that is sustainable, values our native culture, has a thriving and healthy economy, cares for all – keiki to kupuna, and has a responsible and user-friendly local government.